

## Message Text

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ACTION FDRE-00

INFO OCT-01 EUR-12 ISO-00 SSO-00 INRE-00 NSCE-00 SS-15  
NSC-05 AID-05 CIAE-00 DODE-00 HEW-04 INR-07  
NSAE-00 PA-01 PRS-01 DHA-02 SCA-01 EB-08 IO-13  
USIE-00 SP-02 L-03 H-01 OMB-01 TRSE-00 FRB-03  
AGRE-00 /085 W

-----302110Z 064513 /54

O 301901Z MAR 77 ZFF4  
FM AMEMBASSY BUCHAREST  
TO SECSTATE WASHDC NIACT IMMEDIATE 2493

C O N F I D E N T I A L SECTION 1 OF 2 BUCHAREST 2357

FOREIGN DISASTER RELIEF (OFDA)

E.O. 11652: GDS  
TAGS: SWEL, EAID, RO  
SUBJ: EARTHQUAKE ASSISTANCE: REFLECTIONS IN LIGHT OF THE  
KENNEDY/JAVITS BILL  
REF: STATE 069196

1. SUMMARY. WHILE RECOGNIZING THE KENNEDY/JAVITS IS ONLY DRAFT LEGISLATION, I SEE A NEED TO INFORM THE ROMANIAN LEADERSHIP OF THE IMPLICATIONS OF THIS MOST WELCOME PROPOSAL. CLARIFYING STATEMENTS BY THE BILL'S SPONSORS AND AN APPROACH WHICH I PROPOSE HERE MAY ALLAY CONCERNS OR MISCONCEPTIONS ABOUT THE CHARACTER AND CONDITIONS OF OUR AID AND WOULD HOPEFULLY ACCELERATE FORMULATION OF A COMPLETE GRANT AID PACKAGE. WHILE PURSUING THE GRANT AID PACKAGE, I BELIEVE IT DESIRABLE TO MOVE AHEAD WITH THE ADDITIONAL ASSISTANCE SUGGESTED BY SENATOR KENNEDY IN WHICH CONNECTION I OFFERED SOME FURTHER THOUGHTS.  
END SUMMARY.

2. I AM EXTREMELY GRATIFIED BY THE KENNEDY/JAVITS BILL AND THE  
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TWO-PHASED APPROACH WHICH TWO SENATORS ENVISAGE. IF ENACTED, THIS LEGISLATION AND THE ADDITIONAL ASSISTANCE WHICH THE SENATORS PROPOSE WOULD CONSTITUTE A GENEROUS USG RESPONSE TO RELIEVE THE HARDSHIP OF ROMANIAN PEOPLE AND TO ASSIST IN ECONOMIC RECONSTRUCTION.

3. FROM THE TERMS OF THE BILL, SENATOR KENNEDY'S COMMENTS

IN SUPPORT OF IT, AND OUR DISCUSSIONS WITH THE DEPARTMENT, I INFER THAT THE \$20 MILLION INGRANT ASSISTANCE IS INTENDED TO SERVE PRIMARILY HUMANITARIAN NEEDS ALONG THE LINES OF WHAT WE HAVE PREVIOUSLY OUTLINED (BUCHAREST 2077). ASSUMING THIS IS THE CONGRESSIONAL INTENT, I BELIEVE IT OF PRIME IMPORTANCE THAT WE EXPLAIN AS SOON AS WE CAN WHAT WE HAVE IN MIND TO THE ROMANIAN GOVERNMENT LEADERSHIP AND TO ESTABLISH A RECORD IN THE CONGRESS THAT WILL BE UNDERSTOOD BY ROMANIAN PEOPLE.

4. OUR CONCERN THAT OUR GRANT AID BE SEEN TO SERVE HUMAN NEEDS HAS BEEN HEIGHTENED IN RECENT DAYS BY GOVERNMENTAL STATEMENTS AND REACTIONS WE HAVE RECEIVED FROM ROMANIANS FRIENDLY TO THE US. WHILE OFFERING WORKERS THE PROSPECT OF INCREASED WAGES, CEAUSESCU'S SPEECH OF YESTERDAY (WHICH WILL BE REPORTED SEPARATELY) AGAIN REAFFIRMED THAT THE FOCUS OF THE GOR'S EFFORT WILL BE ON THE FULFILLMENT OF THE FYP. THIS EMPHASIS UPON ECONOMIC TARGETS HAS HARDENED THE CONVICTION OF OUR FRIENDS HERE THAT OUR AID, AS ONE OF ROMANIA'S LEADING INTELLECTUALS PUT IT, WILL GO INTO A BOTTOMLESS SACK TO FUND INDUSTRIAL INVESTMENTS, TO COVER EXTERNAL DEBT, OR TO CONSOLIDATE PERSONAL DICTATORSHIP.

5. I THINK I HIGHLY DESIRABLE TO CONVEY TO THE ROMANIA LEADERSHIP THIS WEEK IF WE CAN, ADMINISTRATION AND CONGRESSIONAL THINKING REGARDING THE PURPOSES OF THE PROPOSED GRANT AID SO THAT THERE CAN BE NO ROMANIAN MISCONCEPTION THAT OUR AID MIGHT TAKE FORM OF SIMPLE CASH TRANSFER. MY THOUGHT IS TO TALK TO NEWLY-APPOINTED CONFIDENTIAL

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RECONSTRUCTION COORDINATOR FOR BUCHAREST, STEFAN ANDREI, IF HE IS TO REMAIN IN THAT POSITION OR TO PUNGAN. I WOULD ALSO TAKE THIS OCCASION TO POINT OUT THE NEED FOR ACCELERATED ROMANIAN IDENTIFICATION OF SPECIFIC NEEDS AND COST ESTIMATES TO ENSURE THAT ANY EVENTUAL AID COULD BE USED PROMPTLY. TO MAKE THIS APPROACH I NEED AT A MINIMUM TO HAVE CONFIRMATION THAT THE CONGRESSIONAL SPONSORS OF LEGISLATION ARE NOT OPPOSED TO THE KIND OF HUMANITARIAN PROGRAM WE HAVE SUGGESTED.

6. IN THIS CONNECTION IT MIGHT BE USEFUL TO RECAP OUR THINKING ON THE POSSIBLE COMPONENTS OF A GRANT AID PACKAGE TOGETHER WITH THE COST DATA WE HAVE ASSEMBLED:

A. MEDICAL EQUIPMENT. CARDIAC CARE EQUIPMENT AND CARDIAC CATHERIZATION LABORATORY (\$84,500). WE ARE STILL AWAITING ESTIMATES ON ORTHOPEDIC AND PHYSICAL REHABILITATION EQUIPMENT AND ARE SYPLORING POSSIBLE NEEDS TO REEQUIP A BUCHAREST CLINIC REPORTEDLY DESTROYED.

B. HOUSING. TECHNICAL ASSISTANCE IN STRUCTURAL

ENGINEERING AND A NETWORK OF STRONG-MOTION ACCELEROGRAPHS (\$1 MILLION). POSSIBLE PROVISION OF EPOXY RESIN TECHNOLOGY. WE ARE ALSO EXPLORING A PROPOSAL ADVANCED BY A PRESTIGIOUS BUCHAREST ARCHITECT TO THE AMBASSADOR THAT WE FINANCE AND PROVIDE LIMITED TECHNICAL ASSISTANCE FOR THE CONSTRUCTION OF A BUILDING COMPLEX OF LOW-COST (2-3 ROOM) APARTMENTS TOGETHER WITH A CLINIC, A NURSERY SCHOOL AND OTHER SUPPORTING FACILITIES. OUR OTHER THOUGHTS INCLUDE AN OFFER OF MANUFACTURING CAPABILITY IN PREFABRICATED HOUSING.

C. FOOD AID. EDIBLE SOY PROTEIN.

D. SEISMIC INSTRUMENTATION (\$200,000), ASSISTANCE IN MICROZONATION (\$155,000), AND INSTRUMENTATION OF THE SIRIUL DAM (\$200,000).

E. TRANSPORTATION. REPLACEMENT OF THE COMPUTER IN THE DESTROYED MINISTRY OF TRANSPORT AND TELECOMMUNICATIONS CENTER TO CONTROL ROMANIAN ROLLING STOCK, THEREBY FACILITATING CONFIDENTIAL

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INTERNAL DISTRIBUTION OF GOODS (\$1.7 MILLION PLUS).

7. TURNING FROM THE GRANT PROGRAM TO THE ADDITIONAL KINDS OF ASSISTANCE WE MIGHT OFFER, I WOULD HOPE THAT IT WOULD BE POSSIBLE TO MOVE THE SECOND PART OF THE PACKAGE THROUGH CONGRESS (PRESUPPOSING SOME LEGISLATIVE ACTION WILL BE REQUIRED) IN PARALLEL WITH THE KENNEDY/JAVITS BILL. AS LEGITIMATE ARE OUR FEARS AND THOSE OF DOMESTIC CRITICS CONCERNING THE ROMANIAN GOVERNMENT'S USE OF FOREIGN ASSISTANCE, IT IS EQUALLY TRUE THAT AID TO RESTORE THE ECONOMY WILL ULTIMATELY HAVE A POSITIVE EFFECT UPON THE AVERAGE CITIZEN BY INCREASING THE TOTAL SUPPLY OF GOODS AND THEREBY RELIEVING SOMEWHAT THE PRESSURE FOR INCREASED PRODUCTION. AID TO RESTORE PRODUCTIVE CAPACITY AND TO INCREASE THE SUPPLY OF AGRICULTURAL COMMODITIES HAS THEREFORE A HUMANITARIAN CHARACTER WHICH IS PROBABLY LESS TRUE IN A MARKET ECONOMY.

8. HAVING SAID THIS, IT IS MY VIEW THAT OUR SECOND-STAGE AID MUST BE TAILORED TO ROMANIA'S STATUS AS ONE OF THE MORE ADVANCED DEVELOPING COUNTRIES. WITH THAT PERSPECTIVE I WOULD OFFER THE FOLLOWING COMMENTS ON THE CATEGORIES OF AID WHICH SENATOR KENNEDY ATTRIBUTED IN HIS ACCOMPANYING REMARKS TO THE DEPARTMENT ACK AID:

A. HOUSING GUARANTEE CREDIT. WE KNOW OF NO INSTITUTIONAL MECHANISM IN ROMANIA BY WHICH SUCH ASSISTANCE COULD BE EXTENDED BUT WE WILL EXPLORE WHETHER THERE ARE ANY VARIANTS. AS DISCUSSED BELOW WE COULD USE TITLE I-GENERATED LOCAL CURRENCIES FOR HOUSING AID IN EXCESS OF WHAT WE COULD DO UNDER THE GRANT PROGRAM.

B. LOW INTEREST LOANS. MY PREFERENCE CONTINUES TO BE A SUBSIDIZED LINE OF \$50-100 MILLION CREDIT AVAILABLE

THROUGH EXIMBANK. IF A ONE-TIME AMENDMENT OF THE EXPORT-IMPORT BANK ACT AND AN EXCEPTION TO THE GENTLEMAN'S AGREEMENT ARE FEASIBLE, A MODEST APPROPRIATION TO SUPPORT REDUCED

NOTE BY OCT: REFTEL STATE 069196 BELIEVED TO BE INCORRECT.  
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ACTION AID-31

INFO OCT-01 EUR-12 ISO-00 SSO-00 INRE-00 NSCE-00 SS-15  
NSC-05 TRSY-02 USIE-00 SP-02 L-03 H-01 OMB-01  
FRB-03 AGR-05 CIAE-00 DODE-00 HEW-04 INR-07  
NSAE-00 PA-01 PRS-01 DHA-02 SCA-01 EB-08 IO-13  
/118 W

-----310755Z 083533 /11/54

O 301901Z MAR 77

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC NIACT IMMEDIATE 2494

C O N F I D E N T I A L SECTION 2 OF 2 BUCHAREST 2357

C O R R E C T E D C O P Y (TEXT)

INTEREST RATES (LOWER BY PERHAPS 2 TO 4 PERCENT) COULD MAKE A PARTICULARLY USEFUL CONTRIBUTION TO THE RECOVERY EFFORT.

C. PL 480 COMMODITIES. ASSUMING THAT A TITLE II COMPONENT IS SUBSUMED UNDER THE \$20 MILLION GRANT PROGRAM, I HAVE INFERRED THAT SENATOR KENNEDY WAS REFERRING TO TITLE I SALES. A TITLE I PROGRAM WOULD HAVE THE CONSIDERABLE MERIT OF GENERATING LOCAL CURRENCIES FOR FURTHER ESCORTS IN THE HOUSING OR MEDICAL FIELDS, BUT WE HAVE NOT FOUND COMMODITIES OF INTEREST TO THE ROMANIANS WHICH HAVE RECENTLY BEEN AVAILABLE UNDER TITLE I. MOREOVER, WE HAVE PERHAPS INCORRECTLY CONCLUDED THAT THE BAR ON LENDING TO COMMUNIST COUNTRIES AND THE LIMITATION ON SALES TO COUNTRIES WITH A PER CAPITA GNP EQUAL TO THAT OF ROMANIA WOULD BE DIFFICULT TO OVERCOME. WE HAVE THEREFORE FELT THAT CCC CREDITS AT A

PREFERENTIAL RATE, AND PERHAPS FOR COMMODITIES NOT ON THE  
ELIGIBILITY LIST, MIGHT BE A BETTER APPROACH.

9. ACTION REQUESTED: BEFORE MAKING ANY APPROACH HERE, I WOULD  
APPRECIATE BEING INFORMED WHETHER MY THINKING IS IN LINE WITH THE  
ADMINISTRATION'S VIEWS AND THOSE OF THE CONGRESSIONAL SPONSORS,  
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INCLUDING SUPPORTERS IN THE HOUSE. I WOULD ALSO ASK FOR A READING  
CONCERNING THE PROSPECTS FOR APPROPRIATION LEGISLATION.  
NOT KNOWING THE EXACT STATUS OF CONGRESSIONAL CONSULTATIONS, I  
REALIZE THAT IT MAY BE EXPECTING TOO MUCH TO BE ABLE TO GET THE  
READING I NEED IN THE NEXT FEW DAYS. SINCE I AM MEETING WITH  
AMBASSADOR NICOLAE THIS FRIDAY AFTERNOON IT WOULD BE MOST HELPFUL  
TO HAVE BY THEN AT LEAST AN ESTIMATE OF WHEN I COULD EXPECT THE  
INFORMATION REQUESTED.  
BARNES

NOTE BY OC/T: FDRE NOT GIVEN ACTION ON CORRECTED COPY AS  
CIRCUIT WAS CLOSED AT TIME - 2:55 A.M.

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LAW, DISASTER RELIEF, FOREIGN ASSISTANCE, NATURAL DISASTERS, EARTHQUAKES  
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**Copy:** SINGLE  
**Sent Date:** 30-Mar-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
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**Enclosure:** n/a  
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**Reference:** 77 STATE 69196  
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**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3168985  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EARTHQUAKE ASSISTANCE: REFLECTIONS IN LIGHT OF THE KENNEDY/JAVITS BILL  
**TAGS:** SWEL, EAID, RO, US, (KENNEDY, EDWARD M), (JAVITS, JACOB K)  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odhc://SAS/SAS.dbo.SAS\_Docs/f2745ebb-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
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